

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:	Case No. 11-33053 (NCD)
	Chapter 11
Ratech Machine, Inc.,	
Debtor.	

**NOTICE OF HEARING AND MOTION FOR USE OF CASH COLLATERAL AND FOR
EXPEDITED RELIEF**

TO: THE PARTIES LISTED IN LOCAL RULE 9013-3(a)

1. Ratech Machine, Inc. (the “Debtor”) moves this Court for the relief requested below and gives notice of hearing herewith.

2. The Honorable Nancy C. Dreher, Judge of the U.S. Bankruptcy Court, will hold a preliminary hearing on the following motion on May 12, 2011, at 2:30 p.m. or as soon thereafter as counsel may be heard, in Courtroom 7W, U.S. Courthouse, 300 South Fourth Street Minneapolis, MN 55415 (the “Preliminary Hearing”). **THE HEARING MAY BE CONTINUED BY THE COURT AT THE TIME OF THE HEARING WITHOUT ADDITIONAL NOTICE.** Local Rule 9006-1 provides deadlines for responses to this Motion. However, given the expedited nature of the relief sought, movant does not object to written responses being served and filed no less than two hours prior to the hearing. **UNLESS A RESPONSE OPPOSING THE MOTION IS TIMELY FILED, THE COURT MAY GRANT THE PRELIMINARY RELIEF REQUESTED IN THE MOTION WITHOUT A HEARING.**

3. The Honorable Nancy C. Dreher, Judge of the U.S. Bankruptcy Court, will hold a final hearing on the following motion on June 1, 2011, at 1:00 p.m. or as soon thereafter as

counsel may be heard, in Courtroom 7W, U.S. Courthouse, 300 South Fourth Street Minneapolis, MN 55415 (the “Final Hearing”). **THE HEARING MAY BE CONTINUED BY THE COURT AT THE TIME OF THE HEARING WITHOUT ADDITIONAL NOTICE.** Pursuant to Local Rule 9006-1(c) any response related to issues to be considered at the Final Hearing must be filed and delivered not later than May 27, 2011, which is five (5) days before the time set for the Final Hearing. **UNLESS A RESPONSE OPPOSING THE MOTION IS TIMELY FILED, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT A HEARING.**

4. This Court has jurisdiction over this motion pursuant to 28 U.S.C. §§ 157 and 1334, Bankruptcy Rule 5005 and Local Rule 1070-1. Venue of this case is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding.

5. The petition commencing this Chapter 11 case was filed on May 6, 2011 (the “Petition Date”). The case is now pending in this Court.

6. The Motion arises under 11 U.S.C. §§ 363, Federal Rules of Bankruptcy Procedure 4001 and 9014, and Local Rule 4001-2. The Motion is filed under Bankruptcy Rule 9014 and Local Rules 9013-1 through 9013-3.

7. By this Motion, Debtor requests that the Court enter an order, a proposed form of which is attached hereto, (the “Order”);

a. For a preliminary order granted on an expedited basis allowing the Debtor to use cash collateral as defined in 11 U.S.C. § 363 in the Bankruptcy Code and in the manner and amounts as set forth in further detail herein;

b. For a final order allowing the Debtor to use cash collateral as defined in 11 U.S.C. § 363 in the Bankruptcy Code and in the manner and amounts as set forth in further detail herein;

c. For an order granting Debtor the right to a preliminary hearing for the use of cash collateral on an expedited basis;

d. For an order deeming the secured creditors adequately protected and authorizing the Debtor to grant a replacement lien or security interest to the secured creditors in the same dignity, priority, and validity of its pre-petition lien or security interest to the extent any cash collateral is used;

e. Granting such other further protections as the court deems reasonable, so as to adequately protect the secured creditors' position, and allow the Debtor to use cash collateral in the ordinary course of business;

f. For such other and further relief as the court deems just and equitable.

8. A list of all of the secured lenders, and a description of their collateral is set forth on Exhibit A. Debtor estimate of the values of such collateral, and whether each secured creditor is over or under secured is set forth on Exhibit B.

9. The Debtor seeks interim relief on an expedited basis, and cause exists to reduce notice of the Motion.

10. Debtor has an immediate and ongoing need to use its cash collateral to pay the expenses incurred in the daily operations of its business. The necessary expenses are itemized in further detail on Exhibit D.

11. Debtor must have interim access to cash collateral. If Debtor fails to make the payments as needed, Debtor's operations would cease and the estate and the interests of the creditors would be irreparably harmed.

12. By separate motion filed contemporaneously herewith, the Debtor proposes to acquire post-petition secured financing (the "DIP Financing") to the extent that its available cash is insufficient to allow Debtor to fulfill its operational financial obligations. The Debtor incorporates herein by reference the motion for post-petition financing and associated documents.

13. Debtor projects (along with DIP Financing), that such cash will be sufficient to fund its Chapter 11 costs, including post-petition operating expenses while maintaining a comparable level of collateral to provide adequate protection to the Secured Parties as set forth in the Exhibit C. Debtor will be able to maintain the value of cash collateral through the date of the Final Hearing and thereafter. (See Exhibit C). Debtor believes that it can, if allowed to continue, operate effectively and confirm a plan of reorganization, or § 363 sale.

14. As of the Filing Date, the Debtor has cash collateral assets with a value of approximately \$200,004.00 (consisting of cash, accounts receivable, and inventory). The Debtor projects that the value of cash collateral will be approximately \$243,459 as of May 12, 2011 (the preliminary hearing date). Cash collateral will be approximately \$293,114 as of June 1, 2011 (the final hearing date). Cash collateral will be approximately \$300,580 as of July 29, 2011. (See Exhibit C.) (At all times cash collateral will remain in excess of its value as of the Filing Date.)

15. Attached hereto are a verified a schedule of debt secured by collateral (Exhibit A); liquidation analysis as of the Filing Date (Exhibit B); a projected cash flow statement through the week of July 29, 2011 (Exhibit C); and a budget of necessary expenses pending the final hearing (Exhibit D).

16. Exhibit C provides a description of the collateral and its approximate value at the end of the period for which the Debtor seeks authorization to use cash collateral.

17. By reason of the foregoing, and based upon the projected values and the cash flow projection, the position of the creditors with an interest in cash collateral including cash, accounts receivable and inventory (those items turned into cash in the orderly course of business), remains stable and even increases in value.

18. As an offer of adequate protection, the Debtor proposes to grant a post-petition replacement security interest of the same priority, dignity and effect as the Secured Parties' prepetition interest in Debtor's cash collateral, to the extent of cash collateral used.

19. As additional adequate protection, the Debtor proposes (1) to maintain insurance on all of the property in which the Secured Parties (and any other secured creditors) claim a security interest; (2) to pay all post-petition federal and state taxes, including timely deposit of payroll taxes; (3) provide the secured creditors (and all other secured creditors, upon reasonable notice), access during normal business hours for inspection of their collateral and Debtor's business records; and (4) all cash proceeds and income of the Debtor will be deposited into a cash collateral account (i.e., the "DIP" account) as required by law and Local Rule.

20. Pursuant to Local Rule 9013-2(c), the Debtor states that should testimony be necessary at either the preliminary or final hearing on this matter, Debtor reserves the right to call the following witness(es):

- a. Gary Bergstrom, Chief Financial Officer;
- b. Ray Richardson, Jr., President of the Company;
- c. Other employees or agents of Debtor as appropriate;
- d. James Hanson, Financial Consultant for the Company; and

e. Other witnesses as deemed necessary.

21. This motion is further supported by a memorandum of law, and Exhibits A-D attached hereto and incorporated by reference herein.

WHEREFORE, the Debtor requests that the Court enter an order granting the relief requested above.

Respectfully submitted,

Dated: May 6, 2011

/s/ Thomas J. Flynn
Thomas J. Flynn (30570)
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Attorneys for the Debtor

**EXHIBIT A
SECURED LENDERS**

SECURED LENDER	COLLATERAL	DEBT (approximate)
The Riverbank	AR, inventory, Equipment	\$218,174
The Riverbank (SBA Loan)	Hanger	\$49,106
The Riverbank (SBA Loan)	AR, Inventory, Equipment	\$615,410
Wisconsin Business Innovation Corp.	1981 Cincinnati - Milacron Milling Machine; 1978 Pittler CNC Lathe and Blanket	\$242,132
First Advantage Bank	All assets (filed 11/29/10)	\$1,100,000
James McLeod	All assets	\$80,000
Richard Runbeck/Mike Rogers	All assets	\$50,000
Ray Richardson, Sr.	All assets	\$71,511
Larry Branch Consulting, LLC	Collateral: certain personal property	\$88,900
Bobby Hoover	Collateral: certain personal property	\$75,000
Janice Branch	Collateral: certain personal property	\$88,000
HCA Equipment Finance	Collateral: Clark GCX50 forklift and related attachments (no UCC filed in MN)	\$6,500
Wisconsin Business Development Finance Corp. (SBA loan)	Specified pieces of personal property	Unknown

EXHIBIT B
LIQUIDATION ANALYSIS

Ratech Machine, Inc.
Liquidation Analysis
4/18/2011

	<u>Book Value:</u>	<u>Liquidation Value:</u>
Cash	16,800	16,800
Accounts Receivable	146,271	117,017
Inventory	675,000	270,000
Equipment (See footnote)	4,245,000	1,021,000
Less: Accumulated Depreciation	<u>- 1,824,000</u>	<u></u>
Totals	<u><u>3,259,071</u></u>	<u><u>1,424,817</u></u>

Note:

Several of the large pieces of equipment were originally purchased at their salvage value. The sheer size of the equipment results in a high installation cost relative to the purchase price. For example, the "grey" was purchased for \$100,000 but cost \$200,000 to install. (It weighs 100 Ton!) The two "gantry's" were purchased for \$10,000 but cost \$60,000 to be disassembled so that it could be transported and fit into the building. The transportation costs were \$120,000 alone. These two gantry's along with the beds they travel on have a combined weight of 160 tons. All of these costs have been capitalized into the cost of the equipment.

EXHIBIT C

BUDGET/CASH FLOW/LOAN AVAILABILITY ANALYSIS

(SEE ATTACHED)

Forecasted Cash Flows Information
For the 12 week period beginning 5/13/2011

	Balance on Filing Date 5/6/11	Week #1 5/13/11	Week #2 5/20/11	Week #3 5/27/11	Week #4 6/3/11	Week #5 6/10/11	Week #6 6/17/11
Cash receipts from customers:							
Net sales		37,490	53,756	57,088	80,062	286,581	100,740
Plus: beginning balance in accounts receivable		90,880	92,224	107,170	106,709	140,676	389,767
Minus: ending balance in accounts receivable	90,880	92,224	107,170	106,709	140,676	389,767	386,491
Cash receipts from customers		36,145	38,810	57,549	46,095	37,490	104,016
Cash payments for Inventory:							
Ending inventory	108,124	150,866	150,866	150,866	150,866	108,124	108,124
Direct							
Cost of goods sold	-	-	-	-	-	42,742	-
Wages	71,424		75,063		77,998		79,466
Indirect							
Wages	13,047		13,047		13,047		13,047
Shop expense	-	16,714	17,196	8,856	10,103	21,317	19,747
Minus: beginning inventory	108,124	108,124	150,866	150,866	150,866	150,866	108,124
Cash payments for inventory	84,471	59,456	105,306	8,856	101,148	21,317	112,260
Cash paid for operating expenses	-	47,593	17,005	16,988	16,897	26,734	17,188
Cash paid for equipment		4,727	6,775	9,138	9,138	9,138	9,138
Cash received (repaid) from DIP funds	-	75,000	95,000	-	55,000	25,000	30,000
Net increase (decrease) in cash		(631)	4,724	22,568	(26,088)	5,301	(4,570)
Cash - Beginning of period	1,000	1,000	369	5,092	27,660	1,572	6,873
Cash - End of period	1,000	369	5,092	27,660	1,572	6,873	2,303
ASSET BALANCES AT MONTH END							
Cash	1,000	369	5,092	27,660	1,572	6,873	2,303
Accounts receivable	90,880	92,224	107,170	106,709	140,676	389,767	386,491
WIP Inventories	108,124	150,866	150,866	150,866	150,866	108,124	108,124
Equipment (Net)	2,346,877	2,351,604	2,358,379	2,367,517	2,376,655	2,385,793	2,394,931
Totals	2,546,881	2,595,063	2,621,508	2,652,752	2,669,769	2,890,557	2,891,849

Forecasted Cash Flows Information
For the 12 week period beginning 5/13/2011

	Week #7 6/24/11	Week #8 7/1/11	Week #9 7/8/11	Week #10 7/15/11	Week #11 7/22/11	Week #12 7/29/11
Cash receipts from customers:						
Net sales	104,177	78,311	78,311	52,080	52,080	52,080
Plus: beginning balance in accounts receivable	386,491	236,700	233,743	209,083	180,778	146,522
Minus: ending balance in accounts receivable	236,700	233,743	209,083	180,778	146,522	120,291
Cash receipts from customers	253,968	81,268	102,971	80,385	86,336	78,311
Cash payments for Inventory:						
Ending inventory	108,124	133,400	133,400	133,400	133,400	133,400
Direct						
Cost of goods sold	-	-	-	-	-	-
Wages		79,466		79,466		79,466
Indirect						
Wages		13,047		13,047		13,047
Shop expense	11,413	10,008	10,008	17,105	8,584	8,584
Minus: beginning inventory	108,124	108,124	133,400	133,400	133,400	133,400
Cash payments for inventory	11,413	127,798	10,008	109,618	8,584	101,097
Cash paid for operating expenses	2,055	39,797	19,888	24,800	2,173	39,098
Cash paid for equipment	9,138	11,810	10,688	10,688		
Cash received (repaid) from DIP funds	(100,000)					
Net increase (decrease) in cash	131,362	(98,137)	62,387	(64,721)	75,579	(61,884)
Cash - Beginning of period	2,303	133,665	35,528	97,915	33,193	108,773
Cash - End of period	133,665	35,528	97,915	33,193	108,773	46,889
ASSET BALANCES AT MONTH END						
Cash	133,665	35,528	97,915	33,193	108,773	46,889
Accounts receivable	236,700	233,743	209,083	180,778	146,522	120,291
WIP Inventories	108,124	133,400	133,400	133,400	133,400	133,400
Equipment	2,404,069	2,415,879	2,426,567	2,437,255	2,437,255	2,437,255
Totals	2,882,558	2,818,550	2,866,965	2,784,626	2,825,950	2,737,835

EXHIBIT D
BUDGET OF FUNDS TO BE EXPENDED
PENDING FINAL HEARING

Ratech Machine, Inc.

Budget of Necessary Expenditures Pending the Final Hearing

Direct & Indirect Labor	147,684
Administration Salaries	30,414
Employee Benefits	13,518
Payroll Taxes	24,435
Employee Expense Reimbursement	649
Materials	42,742
Freight	6,852
Manufacturing Supplies	5,550
Disposable Tooling & Inserts	23,024
Utilities	17,443
Commissions	9,907
Software Support	5,490
Office Supplies & Postage	375
Machine Maintenance (Lubricating Oil, Repair Parts, etc.)	7,199
Machine Modifications Necessary for require Output	29,779
Telephone	1,700
Insurance	7,203
Total Necessary Expenditures	<u><u>373,962</u></u>

Use of DIP Loan Pending Final Hearing:

5/13/11 Week	66,000
5/20/11 Week	95,000
5/27/11 Week	
6/3/11 Week	37,000
Total	<u><u>198,000</u></u>

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re: Ratech Machine, Inc., Debtor.	Case No. 11-33053 (NCD) Chapter 11
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**MEMORANDUM OF LAW IN SUPPORT OF MOTION FOR USE OF CASH
COLLATERAL AND FOR EXPEDITED RELIEF**

Ratech Machine, Inc. (the “Debtor”), by and through its attorneys, submits this memorandum of law in support of its motion for use of cash collateral and for expedited relief. The petition commencing this Chapter 11 case was filed on May 6, 2011 (the “Filing Date”). The Debtor machines large parts and equipment for the oil, gas, defense and aeronautics industries. The Debtor is a Minnesota corporation and employs approximately 40 people at its plant in Polk County, Wisconsin.

A. Cause Exists to Reduce Notice of Hearing on the Interim Motion.

Bankruptcy Rule 4001(b) provides that a court may commence a final hearing for authority to use cash collateral no earlier than 15 days after service of the motion. The rule further provides that a court may conduct a preliminary hearing before such 15-day period expires, but the court may authorize the obtaining of credit or use of cash collateral only to the extent necessary to avoid immediate and irreparable harm to the estate pending a final hearing.

Local Rule 9006-1(d) permits a party to serve moving papers on shorter than 14 days notice for cause. In this case, grounds exist to reduce notice of the interim hearing to authorize the use of cash collateral on a preliminary basis pending the final hearing. Debtor has an urgent need to use cash collateral to continue their operations uninterrupted. Debtor must meet

immediate obligations such as payroll, sales taxes, and payments to trade vendors, and utilities. The relief sought herein is designed to ease Debtor's transition to chapter 11, and minimize disruptions to Debtor's business operations. Given the Debtor's critical need to continue its operations uninterrupted, the Court should reduce notice of the hearing on this matter.

B. Debtor Is Entitled to an Order Authorizing the Requested Relief

Section 363 of the Bankruptcy Code prohibits a debtor from using cash collateral without the consent of the secured party having an interest in such collateral or court order. Such an order can be entered if the debtor offers adequate protection to the party or parties with a secured interest in cash collateral. In this case, Debtor requests approval of its use of cash collateral to the extent necessary to operate its business in the ordinary course and in the manner specified in further detail in Exhibit D.

As adequate protection, Debtor proposes replacement liens and reporting of information to the Secured Parties as set forth in the Stipulated Order. For purposes of evaluating this request, the Eighth Circuit Court of Appeals has stated:

In any given case, the bankruptcy court must necessarily (i) establish the value of the secured creditor's interest, (ii) identify the risk to the secured creditor's value resulting from the debtor's request for use of cash collateral, and (iii) determine whether the debtor's adequate protection proposal protects value as nearly as possible against risks to that value consistent with the concept of indubitable equivalence.

In re Martin, 761 F.2d 472, 476-77 (8th Cir. 1985). The adequate protection offered by Debtor satisfies the requirements imposed by the Bankruptcy Code and stated by the Eighth Circuit, and does not prejudice the rights of other creditors.

Under the Martin analysis, the first step is to establish the value of the secured creditor's interest. For purposes of this motion, the creditor's interest is determined by what the creditor could recover if the collateral were disposed of in the most commercially reasonable manner

practicable. In re Boring, 91 B.R. 791, 795 (Bankr. S.D. Ohio 1988); United States v. Smithfield Estates, Inc., 48 B.R. 910, 912 (Bankr. D.R.I. 1985). In this case, the Debtor believes the Secured Parties may consent to the proposed use of cash collateral. Regardless of consent, the circumstances warrant approval of the requested use of cash collateral.

The second requirement of Martin requires the court to identify the risk to the secured creditor's value resulting from the debtor's request for use of cash collateral. In the instant cases, such risk would be that Debtor might fail to generate sufficient replacement cash collateral to compensate for use of existing cash collateral. The Debtor proposes to use cash collateral to maintain its existing operations, to meet payroll and payroll taxes and to meet other operating expenses in order to continue to generate cash to pay its creditors. Moreover, this proposal to use cash collateral is in an effort to maintain going concern value which inures directly to the Secured Parties benefit. The Debtor's only alternative option is to shut down operations if it is not granted the relief requested. Such a result will greatly impair the value of Debtor's assets in which the Secured Parties have an interest, likely precluding unsecured creditors from receiving anything on account of their claims, and would impose substantial disruption to the Debtor's customers, employees, and other parties in interest. Accordingly, the Debtor currently projects that it can maintain the value of collateral and the Secured Parties risk is minimal.

The third requirement of Martin requires the Court to examine the debtor's adequate protection proposal to determine that the proposal protects the value of the secured creditor's interest, if any, in the cash collateral relative to the risk to such value. See Martin, 761 F.2d at 477. The Debtor need only show that it will be able to maintain the value of the cash collateral in order to be allowed the use of cash. See United Sav. Assn. of Tex. v. Timbers of Inwood Forest Associates, Ltd., 484 U.S. 365 (1988). Here, the Debtor proposes to grant a replacement

lien on, and security interest in, the same types and items of collateral as were subject to liens as of the commencement of the case. Such replacement liens would extend to post-petition assets of the estates to the extent of cash collateral used by the Debtor.

The motion assumes that the security interests of the Secured Parties are properly perfected. However, the Debtor has not had the time to determine whether such asserted interests are perfected or whether the documents purportedly collateralizing the Debtor's assets, and the related loans are legally sufficient. The value of the collateral securing the claims of the Cash Collateral Creditors is approximately \$200,004.00 (at liquidation), which first position lien is held by the River Bank. The Debtor need only show that it will be able to maintain the value of the cash collateral in order to be allowed the use of cash. See United Savings Assoc. v. Timbers of Inwood Forest, 484 U.S. 385 (1988). Here, Debtor can maintain the value of collateral (see Exhibit C).

It is proposed that the Secured Parties receive a replacement lien in the Debtor's assets, and that by virtue thereof, they are adequately protected in this case. The grant of such liens will be to the same extent, priority and dignity of any lien a Secured Party had or may have had prepetition. Furthermore, the replacement liens will be enforceable post-petition, only to the extent necessary to protect the interests of the Secured Parties as of the time of filing of the case. In addition, the Debtor will otherwise preserve the value of the cash collateral, and all other collateral, during the pending of this case, as more fully set forth in the motion.

Cash flow projections filed with this motion indicate that the Debtor will be able to maintain the status quo and even improve its condition on a cash basis through the week of July 29, 2011. The secured parties' interests, therefore, are adequately protected.

Respectfully submitted,

Dated: May 6, 2011

/s/ Thomas J. Flynn
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7900 Xerxes Avenue South
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Attorneys for the Debtor

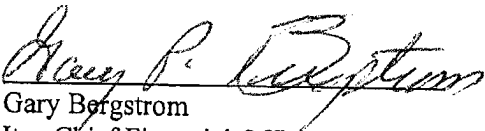
VERIFICATION

I, Gary Bergstrom, the Debtor's Chief Financial Officer, declare under penalty of perjury that I have read the following documents:

1. Notice of Hearing and Motion for Use of Cash Collateral and for Expedited Relief;
2. Memorandum of Law in Support of Motion for Use of Cash Collateral and for Expedited Relief;
3. Exhibits A, B, C and D;

and that the facts contained therein are true and correct to the best of my knowledge, information, and belief.

Dated: May 6, 2011

By: 
Gary Bergstrom
Its: Chief Financial Officer

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Case No. 11-33053 (NCD)

Chapter 11

Ratech Machine, Inc.,

Debtor.

CERTIFICATE OF SERVICE

Under penalty of perjury, I declare that on May 6, 2011, the following documents were served upon the parties listed on the attached service list in the matter indicated therein:

1. Notice of Hearing and Motion for Use of Cash Collateral
2. Memorandum of Law In Support of Motion for Use of Cash Collateral and for Expedited Relief
3. Exhibits A-D
4. Verification
5. Certificate of Service
6. Proposed Preliminary Order
7. Proposed Final Order

Dated: May 6, 2011

/e/ Thomas J. Flynn

Ratech Machine, Inc.
Chapter 11 Bky Case No. 11-33053
RULE 9013-3 SERVICE LIST

DEBTOR
Ratech Machine, Inc. 535 Simmon Drive Oceola, WI, 54020 VIA U.S. MAIL
DEBTOR'S COUNSEL
Larkin Hoffman Daly & Lindgren, Ltd. 1500 Wells Fargo Plaza 7900 Xerxes Avenue South Minneapolis, MN 55431 Phone: (952) 835-3800 Fax: (952) 896-3333 tflynn@larkinhoffman.com
UNITED STATES TRUSTEE
US Trustee Office 1015 U S Courthouse 300 S 4th Street Minneapolis, MN 55415 ustpregion12.mn.ecf@usdoj.gov VIA ECF
TEN LARGEST UNSECURED CREDITORS
Z&Z Machine Products, Inc. Attn: Frank Kumosz 1225 14th Street Racine, WI, 53403 Phone: 262-939-4134 Fax: 262-637-1505 VIA FACSIMILE/U.S. MAIL
Rasmussen Company, Inc. Attn: Jeff Luellwitz 338 Oaktoon Avenue Pewaukee, WI 53072-3400 Phone: 800-558-0575 Fax: 262-695-7545 VIA FACSIMILE/U.S. MAIL
Innovation Mold & Design Attn: Daniel Fairbanks N118 W. 18988 Bunsen Drive Germantown, WI 53022 Phone: 262-251-8201 Fax: 262-251-8195 VIA FACSIMILE/U.S. MAIL
Carlson Tool & Manufacturing Corp. Attn: Bob Dries W57 N. 14386 Doeer Way Cedarburg, WI 53012 Phone: 262-377-2020 Fax: 262-376-1018 VIA FACSIMILE/U.S. MAIL
Deco Tool Supply Company Attn: Dennis Quin 6224 Lakeland Avenue N. Suite 105 Brooklyn Park, MN 55428 Phone: 800-397-3433 Fax: 763-537-8836 VIA FACSIMILE/U.S. MAIL

Freight Management Logis Attn: Rod Southwood 123 Columbia Court N. Suite 90 Chaska, MN 55318 Phone: 952-448-5098 Fax: 952-448-5631 VIA FACSIMILE/U.S. MAIL
Morgan Machinery Moving Attn: Steve Powell P.O. Box 226 North Plains, OR 97133 Phone: 503-710-1154 Fax: 503-647-7422 VIA FACSIMILE/U.S. MAIL
Hudson Machine & Tool Attn: Mike Shaver 1750 Ridgeway Street Hammond, WI 54015 Phone: 715-796-5250 Fax: 715-796-5276 VIA FACSIMILE/U.S. MAIL
Johnson Nolan Enterprises Attn: Wayne Johnson 18970 Osceola Road Shafer, MN 55074 VIA U.S. MAIL
MSC Industrial Supply Co. P.O. Box 382070 Pittsburgh, PA 15250-8070 Phone: 888-571-1576 Fax: 952-995-0876 VIA FACSIMILE/U.S. MAIL
SECURED CREDITORS
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James McLeod 11580 30th Street Lake Elmo, MN 55042 VIA U.S. MAIL
Janice Branch 790 Timbercreek Circle Stephenville, TX 76401

VIA U.S. MAIL
Larry Branch 401(k) Plan 790 Timbercreek Circle Stephenville, TX 76401 VIA U.S. MAIL
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Richard Runbeck 48 East Golden Lake Road Circle Pines, MN 55014 VIA U.S. MAIL
RIG Leasing, LLC 5210 Bald Eagle Blvd. East White Bear Lake, MN 55110-6501 VIA U.S. MAIL
The Riverbank 304 Cascade Street P.O. Box 188 Osceola, WI 54020 Phone: 888-294-2183 Fax: 715-294-2199 VIA FACSIMILE/U.S. MAIL
The Riverbank & SBA 304 Cascade Street P.O. Box 188 Osceola, WI 54020 Phone: 888-294-2183 Fax: 715-294-2199 VIA FACSIMILE/U.S. MAIL
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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Case No. 11-33053 (NCD)

Chapter 11

Ratech Machine, Inc.,

Debtor.

**ORDER GRANTING EXPEDITED RELIEF AND AUTHORIZING USE OF CASH
COLLATERAL ON AN INTERIM BASIS**

This matter is before the court for preliminary hearing on the debtor's motion for use of cash collateral and for expedited relief. Based on the arguments of counsel, all of the files, records, and proceedings herein, and the court being fully advised in the premises,

IT IS ORDERED:

1. The debtor's request for expedited relief is GRANTED.
2. The debtor is authorized to use cash, including cash collateral, subject to the liens of the Secured Parties and consistent with the budget attached to the motion until the entry of an order following the final hearing on the motion, up to \$373,962.00.
3. For purposes of adequate protection and to the extent of use of pre-petition cash collateral in which the Secured Parties have a security interest, the debtor is authorized to grant to the Secured Parties replacement liens pursuant to 11 U.S.C. § 552 in the debtor's post-petition assets of the same type and nature as is subject to the pre-petition liens of the Secured Parties. Such liens shall have the same priority, dignity and effect as pre-petition liens on the pre-petition property of the debtor, to secure the amount of such creditor's claims equal to the diminution in value of such collateral during the pendency of the case.

There shall be no lien in any actions available to the debtor under Chapter 5 of the Bankruptcy Code.

4. The replacement lien granted by the debtor shall be deemed properly perfected without further act or deed on the part of the debtor or the Secured Parties.
5. The debtor is hereby authorized, but not directed, to execute and deliver all instruments and documents, and take such other actions, as may be necessary or appropriate to implement and effectuate the relief as described and approved in this order.
6. Entry of this order is without prejudice to the rights of the debtor, including, but not limited to, the right to seek further, other, or different relief under the Bankruptcy Code.
7. This court shall retain jurisdiction to hear and determine all matters arising from the implementation of this order.
8. This order is effective immediately upon its entry.

Dated:

Nancy C. Dreher
United States Bankruptcy Judge